

## **OFGEM DECISION LETTER No. 0569**

**"Release of the Supplier ID to the Confirming Shipper upon Objection being raised to a Supply Point Confirmation"**

Version 1.0

Transco, Shippers, & other interested parties

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Dear Colleague,

### **RE : Modification 0569 'Release of Supplier ID to the confirming Shipper upon Objection being raised to the Supply Point Confirmation'**

Ofgem has considered the issues raised in modification proposal 0569 'Release of Supplier ID to the confirming Shipper upon Objection being raised to the Supply Point Confirmation' and decided not to direct Transco to implement the modification. This letter sets out shippers views and provides Ofgem's reasons for this decision.

#### **Modification Proposal**

Scottish Power raised the above modification to make it a mandatory requirement within the code for Transco to provide to the incoming shipper/supplier the existing supplier ID within the supply point objection notification file. Scottish Power suggests that obtaining the supplier ID will improve the resolution of objections, that is, objections may be resolved within shorter timescales – providing for a smoother transfer process.

#### **Existing Arrangements**

Currently Transco's network code obliges shippers to provide their identity when raising an objection. Transco will within 2 business days after the objection was raised, notify the proposing shipper of the objection and provide the identity of the objecting shipper. Also, shippers are able to obtain additional data from Transco's Request for Information (RFI) telephone bureau

#### **Transco's Alternative**

Transco discussed this modification in its Supply Point Billing Workstream. The workstream acknowledged that the release of the supplier ID could aid the resolution of objections. However, concerns were expressed about the number of IT systems changes currently faced by the industry and where possible shippers wished to avoid further IT changes (if implemented this modification would require system changes) and suggested that alternatives should be considered to facilitate the objectives of the mod proposal.

Transco has considered this and suggested the following alternative: Transco's SPA objection supplementary details file (S74) includes a free text field – which can contain a maximum of 1000 characters. The objecting shipper can use this file and provide information i.e telephone number and supplier ID details. If completed Transco transmits this file to the confirming shipper via its objection notification file (S65).

The free text facility has been used by some shippers to pass on supplier ID details.

Transco suggests that its alternative solution would better facilitate competition between shippers and suppliers.

### **Views of Respondents**

Shippers raised a number of concerns these are set out below with a discussion and conclusion.

#### **1. Enhancing the transfer process**

A number of respondents suggest that the modification will enhance the customer transfer process by facilitating resolution of supply point objections.

Ofgem understands that one of the drivers for the supplier ID is to resolve objections involving shippers that are not related to a supplier. In its final modification report Transco suggests that only a small number of supply point transfers on its networks involve suppliers that are not related to the shipper. As Transco transmits the ID of the objecting shipper during the objection process, the shipper ID is now in the majority of cases a reasonable indicator of the supplier ID.

Ofgem understands that objection resolution can be more complex for suppliers if a customer portfolio has been acquired by another supplier. In such circumstances it may not be clear which part of the business should be contacted to resolve the objection. Such difficulties could be overcome if suppliers provide accurate and up to date industry contact details, for example, The Domestic Code of Practice (DCOP) includes a number of supplier contacts that are used to resolve customer related issues, for example, agreed reads. If kept up to date and accurate these contacts could be used to overcome the above difficulties.

#### **2. Use of existing Transco SPA processes**

Two respondents express support for Transco's alternative proposal. That is use of the S74 free text facility to transmit supplementary data to resolve objections, for example, supplier ID. However, one respondent suggests that as an alternative it is of limited value unless governance is agreed by the industry.

The free text field is currently available to shippers and to some extent facilitates the requirements of the modification. However, its use is not mandatory and Transco does not validate what is provided in the free text field. Its use requires no changes to shipper/supplier systems (provided that shippers/suppliers have already put in place this functionality). If suppliers wish to enforce use of the S74 file then the Supply Point Administration Agreement (SPAA) is the appropriate mechanism to take this work forward.

#### **3. Costs of Implementation**

Two respondents expressed reservations about changing their systems. In particular, one respondent suggests that the costs of implementation are not justified by the benefits.

As identified in Transco's final modification report there are alternative means for obtaining this data that may not require IT changes. For example, use of Transco's free text facility, provision and use of upto date DCOP contacts and Transco's RFI bureau. We suggest that the industry afford time to discuss and develop these alternative solutions in the appropriate industry forums.

### **Ofgem's View**

Whilst, we sympathise with aims and principles of this modification we do not believe that it is the most economic and efficient solution for the following reasons:

- Alternative means to obtain this data already exist i.e free text facility, RFI bureau;
- the shipper ID is now in the majority of cases a reasonable indicator of the supplier ID;
- the systems changes to facilitate the modification are not justified by the problem;
- if kept upto date and accurate DCOP contact details can be used to facilitate supplier contact.

We suggest that the industry consider the alternative solutions discussed in this modification proposal. In particular, use of the free text facility. If suppliers wish to standardise what data is provided in the free text field or develop governance arrangements concerning the certainty of the information provided in the field then the SPAA is an appropriate vehicle to take this work forward.

### **Ofgem's Decision**

Taking into account the issues set out we have decided not to direct Transco to implement this modification as we do not think it furthers Transco's relevant objective of operating an economic and efficient pipeline system. If you wish to discuss any aspect of this modification contact Roger Morgan on 020 7901 7346 or via email at [roger.morgan@ofgem.gov.uk](mailto:roger.morgan@ofgem.gov.uk)

Yours sincerely

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